

SENATE BILL REPORT

SB 6855

As Reported By Senate Committee On:
Economic Development, Trade & Management, February 01, 2008
Ways & Means, February 12, 2008

Title: An act relating to revisions to existing state economic development programs.

Brief Description: Regarding state economic development programs.

Sponsors: Senators Kilmer, Brandland, Hatfield and McAuliffe.

Brief History:

Committee Activity: Economic Development, Trade & Management: 2/01/08 [DPS-WM].
Ways & Means: 2/06/08, 2/12/08 [DP2S, DNP].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Majority Report: That Substitute Senate Bill No. 6855 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Kauffman, King and Shin.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6855 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Hatfield, Hobbs, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senator Honeyford.

Staff: Brian Sims (786-7431)

Background: The Legislature established the Study Committee on Public Infrastructure Programs and Funding Structures in 2007. The committee was directed to make recommendations for a comprehensive funding structure and a systematic approach to support

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

the integration, consolidation, and standardization of processes and procedures for community and economic development infrastructure programs.

The committee determined that economic development resources should promote family wage jobs, job growth and retention, and that expenditures should be based on regional plans that are consistent with the workforce development goals and the state economic development plan.

The committee recommended eliminating the Job Development Fund (JDF) Program established in 2005, identifying a permanent funding source for the Community Economic Revitalization Board (CERB) program, and evaluating the rural/urban mix of projects and the maximum dollar amount allowed for each project for an expanded CERB program. The committee also recommended that CERB funding criteria prioritize projects compatible with statewide policy goals, and that performance measures indicate whether projects are meeting the policy goals.

Summary of Bill (Recommended Second Substitute): Applicants for CERB funds must demonstrate convincing evidence that a specific private development, consistent with the Washington Economic Development Commission (commission) strategic plan and recommendations, is ready to occur. Applicants in rural areas do not need to show that a specific private development is ready to occur but must demonstrate project feasibility, and that the project is part of a local economic development plan. Tourism projects in rural counties are also eligible for CERB funding.

Projects must result in the creation of significant private sector jobs or capital investment. Applicants must demonstrate approval from a local jurisdiction, support from a local associate Development Organization or local workforce development council, local participation, and local matching funds. Financial assistance may be provided for the acquisition of real property, but not for projects located outside the jurisdiction of the applicant. Grants of up to \$50,000 are allowed for plans, studies, and analyses related to a project.

No more than 25 percent of the financial assistance approved by CERB may consist of grants. Applicants must show that jobs created will have hourly wages above the countywide average. In evaluating applications for funds, the board will consider the total number of jobs created relative to the total employment in the area, health plans associated with the project, and accommodations for infill and redevelopment. Financial assistance in Pierce, King, and Snohomish Counties may exceed 60 percent of disbursed funds.

The board is to provide at least 75 percent of the first \$20 million of available funds and 50 percent of any fund greater than that each biennium to projects in rural areas unless there are insufficient qualified projects in rural areas. The commission is to perform an outcome-based evaluation of CERB funding in consultation with the CERB board.

Vacancies on the CERB board will not be counted for purposes of obtaining a quorum at board meetings. A variety of statutory provisions related to CERB are repealed. Obsolete references are removed. The job development fund act expires June 30, 2009, and the requirement that the Joint Legislative Audit & Review Committee study the job development fund is repealed.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute): The conditional transfer of \$100 million per biennium from the public works assistance account to the CERB account is eliminated.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT COMMITTEE (Recommended First Substitute): The text of the original bill was stricken and replaced with text summarized above. The original bill directed the CERB board to: (1) provide financial assistance for projects that are consistent with goals and objectives adopted by the commission and consistent with the Workforce Training and Education Coordinating Board strategic plan for workforce development; (2) prioritize proposed projects according to statewide priorities identified by the commission and countywide priorities consistent with elements required by the commission; and (3) not consider expected state and local tax revenues in project prioritization. The original bill also repealed the JDF program.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: July 1, 2009.

Staff Summary of Public Testimony on Original Bill (Economic Development, Trade & Management): OTHER: This bill sets out the recommendations of the task force. The Department of Community, Trade and Economic Development (CTED) doesn't want to have to synchronize with both the Economic Development Council (EDC) and the workforce board plans. Would prefer just synching up with the EDC plan which would include workforce. The provisions of SB 5762 are preferred. Applicants should get a letter from the local Associate Development Organizations in support.

Persons Testifying (Economic Development, Trade & Management): OTHER: Senator Kilmer, prime sponsor; Nick Demerice, CTED.

Staff Summary of Public Testimony Recommended First Substitute (Ways & Means): OTHER: CERB needs a permanent source of funds. The bill provides CERB funding in the future if new sources of funding are provided to the public works assistance account. CERB is the oldest economic development program in the state and has struggled each biennium for funding. Language should be added to fund projects that accommodate growth. We shouldn't fund new priorities without new funding.

Persons Testifying (Ways & Means): OTHER: Ginger Eagle, Washington Public Ports Association; Len McComb, Port of Everett; Ashley Probart, Association of Washington Cities; Terri Jeffreys, Realtors; Julie Murray, Washington Association of Counties.